



GUJARAT NRE MINERAL RESOURCES LIMITED

Annual Report 2011-12

Corporate Information

BOARD OF DIRECTORS	:	Mr. Arun Kumar Jagatramka (Chairman & Managing Director) Mr. Amit Kumar Majumdar Mr. Sisir Kumar Mukherjee Mr. Gopal Prasad Dokania
COMPANY SECRETARY	:	Mr. Vimal Kumar Taparia
BANKER	:	HDFC Bank Ltd.
AUDITORS	:	M/s. N. C. Banerjee & Co. Chartered Accountants 2, Ganesh Chandra Avenue Room No. 9, 1st Floor Kolkata - 700013
SOLICITOR & ADVOCATE	:	M/s. L. P. Tiwari & Co. Emerald House 1B, Old Post Office Street Kolkata - 700001
REGISTERED OFFICE	:	22, Camac Street Block - C, 5th Floor Kolkata - 700016 Phone : +91 33 2289 1471 to 75 Fax : +91 33 2289 1470 Email : investor@gnmrl.com Website : www.gnmrl.com
REGISTRAR & SHARE TRANSFER AGENT	:	Bigshare Services Pvt. Ltd. E-2&3, Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (E) Mumbai - 400 072 Phone : +91 22 4043 0262 Fax : +91 22 2847 5207 E-mail : investor@bigshareonline.com Website : www.bigshareonline.com

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NOTICE

Notice is hereby given that the 19th Annual General Meeting of the members of **GUJARAT NRE MINERAL RESOURCES LIMITED** will be held at Kalamandir, 48, Shakespeare Sarani, Kolkata - 700017 on Friday, 28th September 2012 at 11.15 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2012 and Statement of Profit & Loss for the year ended as on that date and the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Sisir Kumar Mukherjee, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Statutory Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. N. C. Banerjee & Co., Chartered Accountants, (Registration no. 302081E) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at such remuneration as may be determined by the Board of Directors in consultation with the Statutory Auditors."

By order of the Board
For **Gujarat NRE Mineral Resources Ltd.**

Place : Kolkata
Date : 28th June, 2012

Vimal Kumar Taparia
Company Secretary

Notes :

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING ON HIS/HER BEHALF AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LOGGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY - EIGHT HOURS BEFORE THE

COMMENCEMENT OF THE MEETING. A COPY OF PROXY IS ENCLOSED HEREWITH.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 24th September 2012 to Friday, 28th September 2012 (both days inclusive).
3. Members, who are holding shares in physical mode in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
4. Members desiring any information on accounts are requested to write to the Company at least ten days in advance, so as to enable the management to keep the information ready at the meeting.
5. Members are requested to bring the admission slips along with their copy of the Annual Report at the meeting.
6. Any change in the address of the members may please be notified to the Registrar and Share Transfer Agent of the Company quoting their registered folio number.
7. Shareholders are informed that dividend which remains unclaimed/ unpaid over a period of seven years is required to be transferred as per the provisions of Section 205A of the Companies Act 1956 by the Company to the Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Companies Act 1956. It may please be noted that once the unclaimed/unencashed dividend is transferred to the "Investor Education & Protection Fund", as aforesaid, no claim shall lie in respect of such amount by the shareholders. Hence the shareholders who have not encashed their dividend warrant for the financial year 2007-08, 2008-09 and 2009-10 are requested to immediately forward the same to the Company or seek issue of duplicate dividend warrants by writing to the Company's Registrar & Share Transfer Agent.

By order of the Board
For **Gujarat NRE Mineral Resources Ltd.**

Place : Kolkata
Date : 28th June, 2012

Vimal Kumar Taparia
Company Secretary

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 19th Annual Report and the Audited Financial Results of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs. in Lacs)		
Particulars	2011-12	2010-11
Total Income	2085.35	2040.40
Total Expenditure	163.82	275.92
Profit before Tax (PBT)	1921.53	1764.48
Less: Provision for Taxation	(23.64)	0.61
Profit after Tax (PAT)	1945.17	1763.87
Add : Balance brought forward	4795.79	3031.92
Balance carried to Balance Sheet	6740.96	4795.79

REVIEW OF OPERATIONS

Your Company being a core investment company is primarily engaged in making investments in its subsidiaries and group companies which are engaged in Oil & Gas Sector and Coking Coal & Met Coke Sector.

During the year under review, your Company has earned total income of Rs. 2085.35 lacs as against Rs. 2040.40 lacs registered in the previous year. Net Profit after Tax was Rs. 1945.17 lacs as against Rs. 1763.87 lacs recorded in the previous year.

OIL EXPLORATION ACTIVITIES

Your Company has been carrying forward its petroleum endeavor through its Australian Subsidiary viz. Gujarat NRE Oil Ltd. (GNOL) which has licenses to two large onshore blocks viz. EP 457 and EP 458 spread over 10640 sq. km. in the highly prospective Canning Basin of Western Australia.

This year, we have been able to complete following important regulatory surveys in scheduled time.

1. 'Declared Rare Flora' (DRF) Survey in co-ordination with Kimberley Land Council.
2. 'Heritage Site Clearance' Survey in co-ordination with Kimberley Land Council and Nyikina Mangala Community.
3. No objection permits from all the Pastoral Lease Owners located within the two petroleum exploration permits for the two regulatory surveys.

However, due to bad weather conditions in the second half of the year, we were unable to conduct any seismic survey as per the schedule. We are hopeful to complete the proposed 2D seismic survey in 2012-13 including the detailed data processing, interpretation and identification of the location of wells for exploratory drilling.

DIVIDEND

In view of the need to conserve resources for its future requirements, your Company do not recommend any dividend for the year under review.

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed hereto.

ISSUE OF OPTIONAL FULLY CONVERTIBLE BONDS

During the year under review, your Company has raised Rs. 16.46 crores by issuing 5488 Nos. of Optional Fully Convertible Bonds (OFCBs) of Rs. 30,000/-each on rights basis to the shareholders.

Further, upon exercise of option of conversion on 309 OFCBs the Company has issued 618000 equity shares of Rs. 10/- each at a premium of Rs. 5/- per equity share till June 2012.

PUBLIC DEPOSITS

The Company has not accepted or renewed any public deposit during the year under review as defined under section 58A of the Companies Act, 1956.

SUBSIDIARIES

The Company has a wholly owned subsidiary viz. NRE Resources Pty Ltd., Australia (NRPL) and a sub-subsidiary Gujarat NRE Oil Ltd., Australia (GNOL).

The Balance Sheet, Statement of Profit & Loss, Report of the Board of Directors and Report of the Auditors and other statements relating to subsidiaries of the Company viz. NRE Resources Pty Ltd. and Gujarat NRE Oil Ltd. as required under the provisions of Section 212 of the Companies Act 1956 are annexed and form a part of this Annual Report.

DIRECTORS

Mr. Sisir Kumar Mukherjee, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The resolution for his re-appointment is included in the Notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors confirm having :-

- a) followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation related to the material departures, if any;
- b) selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year under review and of the profit of the Company for the year under review;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- d) prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Gopal Prasad Dokania (Chairman), Mr. Sisir Kumar Mukherjee, Mr. Amit Kumar Majumdar

DIRECTORS' REPORT (Contd.)

and Mr. Arun Kumar Jagatramka. The committee periodically discusses with the Statutory Auditors about the internal control system, the scope of audit and reviews the financial statements before submission thereof to the Board of Directors and ensures compliance of internal control system apart from considering any reference made to it by the Board of Directors.

AUDITORS

M/s. N. C. Banerjee & Co., Chartered Accountants, retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment. As required under Section 224 (1B) of the Companies Act, 1956, the Company has received a written confirmation from them to the effect that their re- appointment, if made, would be in conformity with the limits prescribed in the said section and that they are not disqualified from being appointed as Statutory Auditors of the Company.

AUDITORS' REPORT

The Report of the Auditors read with significant accounting policies and notes on the accounts, as annexed are self- explanatory and need no elaboration.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding conservation of energy and technology absorption as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 are not applicable as the Company is a core investment company.

The foreign exchange earning and outgo during the year under review are as follows :

- a) Foreign Exchange Earning : Rs. Nil
- b) Foreign Exchange Outgo : Rs. 94 thousand.

PARTICULARS OF EMPLOYEES

There was no employee during the year under review, who was in receipt of remuneration of more than Rs. 5,00,000/- per month if appointed for a part of the year or Rs. 60,00,000/- per annum, if appointed for whole year. Therefore, the particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable.

ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to the customers, bankers, suppliers, media, Government and other agencies for their assistance, co-operation and encouragement extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinted efforts of investors and employees during the year under review.

For and on behalf of the Board

Place : Ahmedabad
Date : 28th June 2012

A. K. Jagatramka
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Corporate Governance :

Gujarat NRE Mineral Resources Limited defines Corporate Governance as a systematic process by which companies are directed and controlled keeping in mind the long term interest of the stakeholders. It firmly believes that good corporate governance is the foundation of corporate excellence. It focuses on equitable treatment to all shareholders and enforces that it is "your company" and it belongs to you, the shareholders.

Gujarat NRE Mineral Resources Limited is committed to good Corporate Governance by creating an environment based on entrepreneurship, professionalism and pursuit for excellence. The company's corporate governance is based on two core principles :

- Management must have executive freedom to drive the enterprise forward without undue restraints: and
- This freedom of management must be exercised within a framework of effective accountability.

The above belief and core principals of Corporate Governance adopted by Gujarat NRE Mineral Resources Limited leads the Company's governance philosophy, trusteeship, transparency, independence, fairness, accountability, which in turn is the basis of public confidence in corporate system.

2. Board of Directors : Composition and category

The Board of Directors of your Company comprises of the followings :-

- One Promoter Chairman & Managing Director
- Three Non-Executive, Independent Directors

The following Table indicates the present composition of Board of Directors of the Company and the number of other Boards and Board committees served by them as member(s)/chairman :

Name of the Director	Category	No. of other Directorships*	No. of other Board Committee** position as	
			Member	Chairman
Mr. Arun Kumar Jagatramka, <i>Chairman & Managing Director</i>	Promoter, Executive	8	1	1
Mr. Amit Kumar Majumdar	Independent, Non-Executive	3	2	—
Mr. Sisir Kumar Mukherjee	Independent, Non-Executive	—	—	—
Mr. Gopal Prasad Dokania	Independent, Non-Executive	—	—	—

* Directorship in Foreign Companies, Private Limited Companies and Companies covered under section 25 of the Companies Act, 1956 have not been considered.

** Only the positions held in Committees, such as audit, remuneration and shareholders' grievance committee in Indian Public Limited Companies have been considered.

Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company apart from receiving their remuneration by way of sitting fees for attending the Board/ Committee meetings.

All the Directors hold directorship/committee membership in other Companies within the limits prescribed in this regard.

3. Board Committees :

The Board had constituted 4 (four) committees consisting of directors and executives. These committees are (a) Audit Committee (b) Share Transfer and Investors' Grievance Committee, (c) Remuneration Committee and (d) Management & Investment Committee. The composition and scope of these Committees are given below.

(a) Audit Committee

i) **Terms of Reference** : The terms of reference of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956. These broadly cover the following :

- 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) To review and recommend to the Board the appointment, re-appointment and if required the

replacement or removal of statutory auditors and fixation of their fees.

- 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Directors' Responsibility Statement which forms part of the Directors Report, accounting policies, compliance with accounting standards, legal requirements and any related party transactions etc.
- 4) To review with the management, external and internal auditors, the adequacy of internal control systems.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have post Audit discussion to address any area of concern.
- 6) To review the Company's financial and risk management policies.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- 7) To review the financial statements, in particular, the investment made by the subsidiary company, all significant transactions entered into by the subsidiary company.
- 8) To review the statement of materially significant related party transactions, if any.
- 9) To undertake such other matters as may be delegated by the Board from time to time.

ii) Composition

The present composition of the Audit Committee is as follows :

1. Mr. Gopal Prasad Dokania, Chairman
2. Mr. Sisir Kumar Mukherjee
3. Mr. Amit Kumar Majumdar
4. Mr. Arun Kumar Jagatramka

The Company Secretary acts as the Secretary to the Committee.

Three members viz. Mr. Gopal Prasad Dokania (Chairman), Mr. Sisir Kumar Mukherjee and Mr. Amit Kumar Majumdar are Non-executive independent directors. Mr. Arun Kumar Jagatramka is a Promoter Executive Director.

(b) Share Transfer and Investors' Grievance Committee

The present composition of Share Transfer and Investors' Grievance Committee is as follows :

1. Mr. Arun Kumar Jagatramka, Chairman
2. Mr. Amit Kumar Majumdar
3. Mr. Gopal Prasad Dokania
4. Mr. P. R. Kannan
5. Mr. P. K. Agrawal

This Committee is entrusted with responsibility of looking after share transfers and investors' grievances.

Mr. Vimal Kumar Taparia, Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. He also acts as a secretary to the committee.

(c) Remuneration Committee

The present composition of the Remuneration Committee is as follows:-

1. Mr. Sisir Kumar Mukherjee (Chairman)
2. Mr. Amit Kumar Majumdar
3. Mr. Gopal Prasad Dokania

The remuneration committee considers and decides on payment of remuneration to the directors, etc. The non-executive directors have not been paid any remuneration other than fees for attending the Board/ Committee meetings during the year under review. No remuneration was paid to the Chairman & Managing Director as per terms of his appointment.

(d) Management & Investment Committee

The present composition of the Management & Investment Committee is as follows :-

1. Mr. Arun Kumar Jagatramka, Chairman
2. Mr. Sisir Kumar Mukherjee
3. Mr. Amit Kumar Majumdar
4. Mr. P. R. Kannan
5. Mr. P. K. Agrawal

The Committee has been entrusted with the responsibility of overseeing investments and borrowings of the Company and other responsibilities as may be assigned by the Board from time to time.

4. General Body Meetings :

- a) The details of last three Annual General Meetings :

Year	Meeting	Location	Date	Time	Special Resolution, if any
2010-11	18th AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017	30.09.2011	11.00 AM	No
2009-10	17th AGM	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017	10.09.2010	11.00 AM	No
2008-09	16th AGM	Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue Kolkata 700 019	19.09.2009	11.15 AM	Yes

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. Subsidiaries :

The Company has one wholly owned Australian Subsidiary viz. NRE Resources Pty Ltd. (NRPL). NRPL has one wholly owned Subsidiary viz. Gujarat NRE Oil Ltd. (GNOL). Hence, GNOL also is a Subsidiary of the Company.

6. Disclosures :

Materially significant Related Party Transactions - The Company has not entered into any transactions of material nature, with its promoters, Directors or the Management, its Subsidiaries or with Director's relatives, etc. that may have potential conflict with its interest at large, other than those in the normal course of business. The transactions undertaken during the year have

been disclosed in Note No. 19 of the Financial Statements. All related party transactions are negotiated at arms length basis and in the interest of the Company.

7. Means of Communication :

- Copies of the Annual Reports alongwith the audited accounts are sent to all the shareholders in compliance of the provisions of the Companies Act, 1956.
- Copies of the Annual Reports of the Company are provided upon requests to various Government Departments, Investors and others interested in getting the same.
- The Annual Reports and press releases are displayed in the Company's website www.gnmrl.com

8. General Shareholders' Information :

a) Annual General Meeting :

Date, Time and Venue : 28th September 2012 at 11.15 a.m. at Kala Mandir, 48 Shakespeare Sarani, Kolkata 700017

b) Financial Year :

1st April, 2011 to 31st March, 2012

c) Book Closure Date :

24.09.2012 to 28.09.2012(both days inclusive).

d) Dividend Payment Date :

Not Applicable

Particulars in respect of dividends declared by the Company is given in the following Table :

Financial year	Date of declaration of Dividend	Last date of claiming Dividend
2007-08	17.09.2008	16.09.2015
2008-09	19.09.2009	18.09.2016
2009-10	10.09.2010	09.09.2017

e) Depositories :

i) National Securities Depository Ltd.
Trade World, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400013

ii) Central Depository Services (India) Ltd.
P J Towers, 17th Floor, Dalal Street, Fort,
Mumbai - 400001

ISIN of equity shares (on both the depositories): INE 566H01025

ISIN of OFCBs (on both the depositories): INE 566H08012

f) Registrar and Share Transfer Agents :

M/s. Bigshare Services Private Limited,
E-2&3, Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (E), Mumbai - 400072
Phones : +91-22-4043 0262, Fax : +91-22-2847 5207
E-Mail : investor@bigshareonline.com

g) Share Transfer System :

All matters pertaining to share transfers are being handled by M/s. Bigshare Services Pvt. Ltd., the Registrars & Share Transfer Agents (RTA) of the Company. The share transfer requests received by them are processed and a memorandum of transfer is sent to the Company for approval. The Company regularly monitors and supervises the functioning of the share transfer system so as to ensure that there are no delays and lapses in the system. Shares held in dematerialised form are transferred electronically in the Depository. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all notices, corporate communications and dividend warrants etc. to the shareholders.

REPORT ON CORPORATE GOVERNANCE *(Contd.)*

h) **Shareholding Pattern as on 31st March 2012 is given in the following Table :**

Category	No. of Shares	% of Holding
Promoters & Promoter Group	447116943	89.19
Indian Public (including Bodies corporate)	53990429	10.77
NRIs/OCBs	190111	00.04
Total	501297483	100.00

i) **Distribution of Shareholding as on 31st March 2012 is given in the following Table :**

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 500	7875	46.64	478383	0.10
501 - 1000	1034	6.12	763219	0.15
1001 - 10000	7134	42.25	24070717	4.80
10001 - 50000	766	4.54	14387391	2.87
50001 - 100000	47	0.28	3403245	0.68
100001 and above	29	0.17	458194528	91.40
Total	16885	100.00	501297483	100.00

j) **Dematerialisation of Shares and Liquidity :**

Approximately 99.96% of the Company's Shares are held in electronic form as on 31st March, 2012.

k) **Address of Subsidiaries**

NRE Resources Pty. Limited

Lot No. 1, Princes Highway, Cnr Bellambi Lane
Russel Vale 2517, NSW, Australia

Gujarat NRE Oil Limited

Lot No. 1, Princes Highway, Cnr Bellambi Lane
Russel Vale 2517, NSW, Australia

l) **Address for Correspondence :**

22, Camac Street, Block - C, 5th Floor
Kolkata-700 016
Phone : +91-33-22891471-75
Fax : +91-33-22891470
E-mail : investor@gnmrl.com

For and on behalf of the Board

Place : Ahmedabad
Dated : 28th June 2012

Arun Kumar Jagatramka
Chairman & Managing Director

AUDITORS' REPORT

TO
The members of
GUJARAT NRE MINERAL RESOURCES LIMITED

1. We have audited the attached Balance Sheet of Gujarat NRE Mineral Resources Limited as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in Para 3 above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes thereto, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally

accepted in India :

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For N. C. BANERJEE & CO.
Chartered Accountants
(Registration No. 302081E)

A. Paul
Partner

Place : Kolkata.
Date : 28th June, 2012

Membership No. 06490

Annexure referred to in paragraph 3 of our report of even date to the members of Gujarat NRE Mineral Resources Ltd. for the year ended 31st March, 2012.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. As informed to us the Company did not have any inventory at any time during the year under review. Hence the sub-clauses (a) (b) & (c) of clause (ii) of paragraph 4 of the Order are not applicable to the company.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (a), (b), (c), (d), (e), (f) & (g) of clause (iii) of paragraph 4 of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase and sale of securities. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, the transactions made in pursuance of contracts or

AUDITORS' REPORT (Contd.)

arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public. Therefore, the provisions of clause (vi) of the Order are not applicable to the company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for the business carried on by the company.

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion the company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute other than those as mentioned here-in-below :

Name of the Statute	Nature of Dues	Amount (Rs.in '000)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	830	FY:2005-06	CIT (Appeals)
Income Tax Act, 1961	Income Tax	2810	FY:2007-08	CIT (Appeals)

10. The Company has no accumulated losses as at 31st March, 2012 and the Company has not incurred cash losses in the financial year covered by our audit report and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, debentures and others investments have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and/or financial institutions are not prima facie prejudicial to the interests of the company.

16. According to the information and explanations given to us, the term loans obtained by the Company were applied for the purposes for which such loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of opinion that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year covered by our audit report, the Company has not issued any secured debenture.
20. During the year covered by our audit report, the Company has not raised any money by way of public issues.
21. Based on the audit procedures and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For N. C. BANERJEE & CO.
Chartered Accountants
(Registration No. 302081E)

A. Paul
Partner

Place : Kolkata.
Date : 28th June, 2012

Membership No. 06490

BALANCE SHEET as at 31st March, 2012

(Rs. in '000)			
Particulars	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	5,012,975	4,832,373
Reserves & Surplus	3	1,638,942	1,625,027
		6,651,917	6,457,400
Non-Current Liabilities			
Long Term Borrowings	4	164,640	100,000
Deferred Tax Liabilities	5	297	288
Long Term Provisions	6	341	319
		165,278	100,607
Current Liabilities			
Short Term Borrowings	7	1,357,500	1,885,000
Trade Payables	8	144	215
Other Current Liabilities	9	728,930	209,319
Short Term Provisions	10	—	38,893
		2,086,574	2,133,427
TOTAL		8,903,769	8,691,434
ASSETS			
Non-Current Assets			
Tangible Fixed Assets	11	7,045	7,140
Non-Current Investments	12	8,822,463	8,563,861
		8,829,508	8,571,001
Current Assets			
Cash and Cash Equivalents	13	3,676	4,795
Short Term Loans and Advances	14	70,585	115,638
		74,261	120,433
TOTAL		8,903,769	8,691,434

Significant Accounting Policies & Notes to Financial Statements 1 to 27

As per our report of even date attached

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on behalf of the Board of Directors

A.Paul
Partner
Membership No.06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka
Chairman & Mg.Director
Place : Ahmedabad

S.K.Mukherjee
Director
Place : Ahmedabad

V.K.Taparia
Company Secretary
Place : kolkata

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2012

(Rs. in '000)			
Particulars	Notes	Year ended 31st March, 2012	Year ended 31st March, 2011
INCOME			
Dividends on long term, Non trade investments		208,535	203,985
Interest (TDS Rs.Nil, Previous year Rs.Nil)		—	55
		<u>208,535</u>	<u>204,040</u>
EXPENDITURE			
Employee Benefits Expense	15	3,573	3,317
Finance Costs	16	3,176	—
Depreciation	11	95	95
Other Expenses	17	9,538	24,180
		<u>16,382</u>	<u>27,592</u>
Profit before Tax		192,153	176,448
Tax Expenses :			
Current Tax		—	—
Deferred Tax		9	(88)
Earlier years Tax		(2,373)	149
Profit after Tax		<u>194,517</u>	<u>176,387</u>
Earnings per equity share of face value of Rs.10/- each			
Basic & Diluted (in Rs.)	18	0.39	0.35
Significant Accounting Policies & Notes to Financial Statements	1 to 27		

As per our report of even date attached

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on behalf of the Board of Directors

A.Paul
Partner
Membership No.06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka
Chairman & Mg. Director
Place : Ahmedabad

S.K.Mukherjee
Director
Place : Ahmedabad

V.K.Taparia
Company Secretary
Place : kolkata

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

i. Accounting Conventions :

The financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956.

ii. Use of Estimates :

The preparation of the financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amount of assets and liabilities as on the date of the financial statements and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

iii. Fixed Assets :

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises cost of purchase, construction cost, cost of borrowing and other cost directly attributable to bring the assets at its working condition and location for its intended use.

iv. Borrowing Costs :

Borrowing Costs attributable to the acquisition, construction and development of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Borrowing cost attributable to acquisition and retention of non-current investments are considered as part of such investments.

v. Depreciation :

Depreciation on fixed assets is provided on straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

vi. Investments :

Long term investments are stated at cost. Cost includes finance costs. Provision is made when diminution in the value of long term investments is considered permanent in nature. Current investments are valued at lower of cost and quoted/fair value.

vii. Inventories :

Inventories are valued at cost or net realizable value whichever is lower. Cost includes all direct and indirect cost incurred in bringing the inventories to their present location and condition. Inventories are valued on FIFO basis.

viii. Revenue Recognition :

Revenue is recognized to the extent, it is probable that the economic benefits will flow to the Company and it can be reliably measured. Dividend Income is recognised when right to receive the payment is established. Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ix. Foreign Currency Transactions :

Foreign Exchange transactions are recorded normally at the exchange rates prevailing on the date of the transaction. Exchange differences arising on settlement of transactions or on reporting monetary items of the Company at the rate different from those at which they were initially recorded during the year, or reported in previous financial statement, are recognised as income or expenses in the year in which they arise except in case where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

x. Employee's short term & Post employment benefits :

Employee benefits of short-term nature are recognized as expense as and when accrue. Post employment benefits are recognised as expenses on accrual basis at year end.

xi. Amortisation :

Preliminary and Deferred revenue expenses are amortised over the period of five years.

xii. Taxation :

Provision for current tax is made based on taxable income for the year.

Deferred tax liability is recognized for all timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized only if there is reasonable/virtual certainty that the same will be realized and are reviewed for the appropriateness of its respective carrying values at each Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Tax on Distributed Profit is provided in accordance with the provision of Section 115-O of the Income Tax Act, 1961 and guidance note on "Accounting for Corporate Dividend Tax".

Wealth Tax is determined on taxable value of assets on the balance sheet date.

xiii. **Impairment of Assets :**

The Company assesses at each Balance Sheet date whether there is any indication of any asset being impaired. An asset is treated as impaired when the carrying amount of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss, if any, recognised in prior accounting periods is adjusted if there has been a change in the estimate of recoverable amount.

xiv. **Earning per share (EPS) :**

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted with the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

xv. **Prior Period Adjustments, Extra-ordinary Items and Changes in Accounting Policies :**

Prior period adjustments, extraordinary items and changes in accounting policies, if any, having material impact on the financial affairs of the Company are adequately disclosed.

xvi. **Provisions, Contingent Liabilities and Contingent Assets :**

The Company makes a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

2 SHARE CAPITAL

(Rs. in '000)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Authorised :		
100,00,00,000 (Previous year 100,00,00,000) Equity Shares of Rs.10/- each	10,000,000	10,000,000
Issued,Subscribed and Paid-up :		
50,12,97,483 (Previous year 48,32,37,303) Equity Shares of Rs.10/- each fully paid-up	5,012,975	4,832,373
	5,012,975	4,832,373

2.1 2,81,45,372 (1,00,85,192) Shares out of issued,subscribed and paid up share capital were allotted as bonus shares in the last five years by capitalisation of Securities Premium Account.

2.2 42,03,28,127 (42,03,28,127) Shares out of issued,subscribed and paid up share capital were allotted in last five years pursuant to the Schemes of amalgamation without payment being received in cash.

2.3 **The details of Shareholders holding more than 5% shares in the Company :**

Name of the Shareholder	As at 31st March, 2012		As at 31st March,2011	
	No. of Shares	% held	No. of Shares	% held
Arun Kumar Jagatramka (As a Trustee of Girdharilal Arun Kumar Family Trust)	87,342,142	17.42	87,342,142	18.07
Mangal Crystal Coke Pvt Ltd.	76,593,453	15.28	76,593,453	15.85
Bulli Coke Ltd.	66,853,594	13.34	66,853,594	13.83
Gouriputra Consultants Pvt Ltd.	36,969,600	7.37	36,969,600	7.65
Gujarat NRE Energy Resources Ltd.	34,164,260	6.82	34,164,260	7.07
Madhur Coal Mining Pvt Ltd.	33,270,894	6.64	33,270,894	6.89
Critical Mass Multilink Ltd.	29,777,302	5.94	29,777,302	6.16
Malgudi Investments Ltd.	26,313,265	5.25	26,313,265	5.45

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.4 The reconciliation of number of shares outstanding is set out below :

Particulars	As at 31st March, 2012	As at 31st March, 2011
Equity Shares at the beginning of the year	483,237,303	57,398,550
Add : Right shares issued	—	5,510,625
Add : Shares issued pursuant to Scheme of amalgamation	—	420,328,128
Add : Bonus shares issued	18,060,180	—
Equity Shares at the end of the year	<u>501,297,483</u>	<u>483,237,303</u>

2.5 Shares Reserved for issue against Optional Fully Convertible Bonds

Equity Shares likely to be issued against Optional Fully Convertible Bonds at the option of the Bond Holders (Refer Note No.4.1)	10,976,000	—
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3 RESERVES AND SURPLUS

(Rs. in '000)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Capital Reserve		
As per last Account	101,053	101,053
Securities Premium Reserve		
As per last Account	1,031,895	811,470
Add : On issue of Shares	—	220,425
Less : Bonus Shares issued	180,602	—
	<u>851,293</u>	<u>1,031,895</u>
General Reserve		
As per last Account	12,500	12,500
Surplus in Statement of Profit & Loss		
As per last Account	479,579	303,192
Add : Profit for the year	194,517	176,387
	<u>674,096</u>	<u>479,579</u>
TOTAL	<u><u>1,638,942</u></u>	<u><u>1,625,027</u></u>

4. LONG TERM BORROWINGS

Secured		
Term Loan from Others (Refer Note No.7.2)	—	100,000
Unsecured		
Optimal Fully Convertible Zero Coupon Bonds (5488 Bonds of Rs.30,000/- each)	164,640	—
	<u>164,640</u>	<u>100,000</u>

4.1 The company has issued 5488 No.of Zero Coupon Unsecured Optional Fully Convertible Bonds (OFCB's) of Rs.30,000/- each. Each OFCB,at the option of the Bond holders, is convertible into 2,000 fully paid equity shares at a premium of Rs.5/- per share. Alternatively each OFCB, at the option of Bond holders is redeemable at a premium of Rs. 6,000/- on 16th August, 2013.

5. DEFFERED TAX LIABILITIES (NET)

Deferred Tax Liability		
On account of Depreciation on Fixed Assets	297	288
	<u>297</u>	<u>288</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. LONG TERM PROVISIONS (Rs. in '000)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for Gratuity	282	251
Provision for Leave Encashment	59	68
	<u>341</u>	<u>319</u>

7. SHORT TERM BORROWINGS

Secured

Term Loan from Others	1,357,500	1,885,000
	<u>1,357,500</u>	<u>1,885,000</u>

7.1 Term loan from Aditya Birla Finance Ltd. is secured by pledge of equity shares of Gujarat NRE Coke Ltd held as investments.

7.2 Term loan from SICOM Ltd, IFCI Ltd, Barclays Investments & Loans (India) Ltd, and STCI Finance Ltd aggregating to Rs.136.25 Crores are secured by pledge of equity shares of Gujarat NRE Coke Ltd held as investments and by personal guarantee of Mr. Arun Kumar Jagatramka, Chairman & Managing Director of the Company.

8. TRADE PAYABLES

Others	144	215
	<u>144</u>	<u>215</u>

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at year end together with interest paid/payable under this Act have not been given.

9. OTHER CURRENT LIABILITIES

Current maturities of Long-term debts	100,000	200,000
Interest accrued but not due on borrowings	636	1,907
Advances against sale of Non-Current Investments	621,650	—
Unclaimed Dividends	601	703
Others	6,043	6,709
	<u>728,930</u>	<u>209,319</u>

10. SHORT TERM PROVISIONS

Provision for Income Tax	—	38,893
	<u>—</u>	<u>38,893</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. TANGIBLE FIXED ASSETS

(Rs. in '000)

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2011	Additions	Sales/ Adjustments	As on 31.03.2012	As on 01.04.2011	For the Year	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011
Land	5,106	—	—	5,106	—	—	—	5,106	5,106
Building	2,532	—	—	2,532	680	84	764	1,768	1,852
Office Equipments	230	—	—	230	48	11	59	171	182
T O T A L	7,868	—	—	7,868	728	95	823	7,045	7,140
Previous Year	25,707	197	18,036	7,868	633	95	728	7,140	

12. NON-CURRENT INVESTMENTS

Particulars	Face Value (Rs.)	No. of Shares	As at 31st March, 2012	As at 31st March, 2011
Long term, Non trade Quoted, fully paid-up In Equity Shares of Associate Companies				
Gujarat NRE Coke Limited	10	192,578,554 (191,859,138)	6,918,401	6,713,280
Gujarat NRE Coke Limited (DVR)	10	16,675,913 (16,675,913)	—	—
In Others				
SAL Steel Ltd.	10	1,445,633 (1,445,633)	27,389	26,622
Total (Quoted)			6,945,790	6,739,902
Unquoted, fully paid-up In Equity Shares of Subsidiary Company				
NRE Resources Pty Ltd.	N.A.	2,000,000 (2,000,000)	89,367	86,865
In Equity Shares of Associate Companies				
Bharat NRE Coke Ltd.	10	10,895,000 (10,895,000)	119,029	115,696
NRE Metcoke Ltd.	1	42,678,000 (42,678,000)	1,279,174	1,243,356
Bulli Coke Ltd.	1	5,552,000 (5,552,000)	87,619	85,166
Matangi Traders & Investors Pvt Ltd.	1	671,457 (671,457)	27,655	26,881
Russell Vale Traders Pvt Ltd.	1	2,475,000 (2,475,000)	262,568	255,216
Lunva Traders Pvt Ltd.	1	42,678 (—)	43	—
Dharwad Traders Pvt Ltd.	1	42,678 (—)	43	—
Mandvi Traders Pvt Ltd.	1	42,678 (—)	43	—
Surajbari Traders Pvt Ltd.	1	42,678 (—)	43	—
In Others				
Bajrang Bali Coke Industries Ltd.	10	197,000 (197,000)	10,761	10,460
FCGL Investments Ltd.	1	50,000 (50,000)	328	319
Total (Unquoted)			1,876,673	1,823,959
Total Non Current Investments			8,822,463	8,563,861
Aggregate Market Value of Quoted Investments			4,505,472	9,999,677

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(Rs. in '000)		
Particulars	As at 31st March, 2012	As at 31st March, 2011
13. CASH AND CASH EQUIVALENTS		
Cash on hand	1,284	650
Balances with Banks :		
in Current Accounts	1,791	3,442
in Dividend Accounts	601	703
	<u>3,676</u>	<u>4,795</u>
14. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)		
Advances to Related Party (Refer Note No.19)	70,050	78,513
Deposits with Government & Other Authorities	138	140
Advance Tax & Tax Deducted at Source	361	36,880
Others	36	105
	<u>70,585</u>	<u>115,638</u>
15. EMPLOYEE BENEFITS EXPENSE		
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries, Bonus, Allowances	3,333	2,964
Contribution to Provident and Other Funds	154	142
Provision / Payment for Gratuity	31	76
Staff Welfare Expenses	55	135
	<u>3,573</u>	<u>3,317</u>
16. FINANCE COSTS		
Discount & Commission on issue of OFCB	3,176	—
	<u>3,176</u>	<u>—</u>
17. OTHER EXPENSES		
Auditor's Remuneration		
- For Audit Fees	112	110
Rates & Taxes	11	162
Filling Fees	4	13,912
Security Transaction Taxes	14	99
Electricity Charges	16	27
Printing and Stationery	378	891
Professional, Legal & Service Charges	7,265	5,518
Directors Sitting Fees	640	510
Miscellaneous Expenses	61	97
Communication Expenses	626	883
Travelling & Conveyance	411	1,971
	<u>9,538</u>	<u>24,180</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

18. EARNINGS PER SHARE (EPS)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Net Profit after tax as per Statement of Profit and Loss (Rs. '000)	194,517	176,387
Weighted Average number of equity shares outstanding during the year for calculating EPS	501,297,483	481,984,202
Basic and Diluted Earnings per share (Rs.)	0.39	0.35*

* Adjusted for Bonus Issue

19. RELATED PARTY DISCLOSURES :

As per Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India (ICAI), are given below :

19.1 List of related parties where control exists and related parties with whom transactions have taken place and relationship:

Name of Related Party	Relationship
NRE Resources Pty Ltd	Subsidiary
Gujarat NRE Oil Ltd.	Sub-Subsidiary
Gujarat NRE Coke Ltd.	Associates
NRE Metcoke Ltd.	Associates
Russell Vale Traders Pvt Ltd.	Associates
Shri A. K. Jagatramka	Key management personnel
Bajrang Bali Coke Industries Ltd.	Enterprises in which key management personnel has significant influence

19.2 Transactions with Related Parties

(Rs. in '000)

Nature of Transactions	Year ended 31st March, 2012	Year ended 31st March, 2011
(i) Purchase of Securities		
Associates	—	822,250
Enterprises in which key management personnel has significant influence	—	822,250
Enterprises in which key management personnel is a trustee	—	6,578
Key management personnel	171	—
(ii) Dividend Received		
Associates	208,535	203,985
(iii) Investments in		
Associates	—	247,500
(iv) Advance Received/(Refunded)		
Associates	305,450	—
Enterprises in which key management personnel has significant influence	316,200	—
(v) Advance Given/ (Refunded/Adjusted)		
Subsidiary	36	—
Associates	(78,500)	(874,300)
Enterprises in which key management personnel has significant influence	70,000	(347,500)

NOTES TO THE FINANCIAL STATEMENTS *(Contd.)*

19.3 Amounts due from related parties :

(Rs. in '000)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Sub Subsidiary		
- included in Loans and Advances	50	13
Associates		
- included in Loans and Advances	—	78,500
Enterprises in which key Management personnel has significant influence		
- included in Loans and Advances	70,000	—

20. CONTINGENT LIABILITIES AND COMMITMENTS

- 20.1 Corporate guarantee of Rs.14,43,884 thousand (Previous year Rs.31,59,160 thousand) given to Banks, Financial institutions and Others for loans taken by associate companies.
- 20.2 Disputed dues involved in two income tax demands under appeal - Rs.3,640 thousand (Previous year - Rs.11,077 thousand). The management is of view that the outcome of the appeal would be favourable to the company, hence no provision has been made against these demands.
21. The company has pledged 6,46,87,410 equity shares and 1,05,98,741 Class "B" equity shares (Previous year 8,22,52,410 equity shares and 98,65,241 Class "B" equity shares) of Gujarat NRE Coke Ltd with the banks, financial institutions and others for loans taken by associate companies.
22. Since the company has few employees, the accrued liability for employees' retirement benefits viz. gratuity and leave encashment at the end of the financial year has been determined by the company on a rational basis on the assumption that such benefits are payable to all employees at the year end.
23. Travelling Expenses incurred in Foreign Currency -Rs.94 thousand (Previous year Rs.186 thousand)
24. The indicators of impairment listed in paragraph 8 to 10 of Accounting Standard (AS-28) "Impairment of Assets" issued by the ICAI have been examined by the management and on such examination it has been found that none of the indicators are present in case of the company's assets. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.
25. In the Opinion of the Board of Directors and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
26. There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as at 31st March, 2012.
27. The Revised Schedule VI has become effective from April 1, 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever found necessary to correspond with the current year's classification / disclosure.

CASH FLOW STATEMENT for the year ended 31st March, 2012

Particulars	(Rs. in '000)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	192,153	176,448
Adjustments for :		
Depreciation	95	95
Dividend Income	(208,535)	(203,985)
Interest Income	—	(55)
Finance Cost	3,176	—
Operating Profit before working Capital Changes	(13,111)	(27,497)
Adjustments for :		
Trade & Other Receivables	8,535	1,421,881
Trade & Other Payables	619,562	(789)
Cash Generated from Operations	614,986	1,393,595
Direct Taxes Paid / Refunds	(2)	182
Net Cash Flow from Operating Activities	614,984	1,393,777
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	—	(197)
Sale of Fixed Assets	—	18,036
Addition to Investments	(258,602)	(2,236,862)
Interest Received	—	55
Dividend Received	208,535	203,985
Net Cash Flow from Investing Activities	(50,067)	(2,014,983)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Capital	—	275,531
Increase/(Decrease) in Borrowings	(562,860)	400,000
Dividend / Dividend Tax Paid	—	(63,171)
Finance Costs	(3,176)	—
Net Cash Flow from Financing Activities	(566,036)	612,360
Net Increase /(Decrease) in Cash & Cash Equivalents	(1,119)	(8,846)
Cash & Cash Equivalents (Opening Balance)	4,795	13,641
Cash & Cash Equivalents (Closing Balance)	3,676	4,795

As per our report of even date attached

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on behalf of the Board of Directors

A.Paul
Partner
Membership No.06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka
Chairman & Mg.Director
Place : Ahmedabad

S.K.Mukherjee
Director
Place : Ahmedabad

V.K.Taparia
Company Secretary
Place : kolkata

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March, 2012.

Directors

The names of Directors in office at any time during or since the end of the year are:

- Arun Kumar Jagatramka
- Mona Jagatramka
- Sanjay Sharma

Result

The company reported a net profit of \$8,195 (2011; profit \$6,283).

Principal Activities

The Company is engaged in resource and oil exploration activity.

No significant changes in the nature of this activity occurred during the period.

Dividends

No dividend was paid during the year and none is recommended.

Options

No options to shares in the company have been granted during the or since the end of the financial year and there were no options outstanding at the date of this report.

Significant events after balance sheet date

No significant event has occurred since balance sheet date.

Indemnification of Directors and Officers

The indemnification of directors, secretaries and senior managers of the Company are covered under a contract taken on global basis by one of the related company of the ultimate holding company Gujarat NRE Mineral Resources Ltd. in India. No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No leave or proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceeding.

Likely developments

Information on likely developments in the entity's operations in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the entity.

Non Audit Services

The Board has perused non-audit services performed by the associated firm of the auditor Kantilal Ratanshi Gokani and is satisfied that those non-audit services are compatible with, and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons :

- ◆ All non-audit services have been reviewed by the Board to ensure that these services do not impact on the impartiality and objectivity of the auditor.
- ◆ The non-audit services provided do not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.
- ◆ The ratio of non-audit fee to audit fee is at a level that would not impact the impartiality and objectivity of the auditor.

- ◆ There were no known conflict of interest situations or any circumstances arising out of a relationship between the Company (including its Directors and Officers) and the auditor which may impact on auditor independence.

The auditor's independence declaration (made under section 307C of the Corporations Act 2001) is attached to and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

**Arun Kumar Jagatramka
Sanjay Sharma**

(Directors)

Dated this 20th day of June 2012

DIRECTORS' DECLARATION

The directors of the company declare that :

1. The financial statements, comprising the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the *Corporations Act 2001* and;
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 31 March 2012 and of the performance for the financial year ended 31 March 2012 of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by :

Signed in accordance with a resolution of the Board of Directors

**Arun Kumar Jagatramka
Sanjay Sharma**

(Directors)

Dated this 20th day of June 2012

AUDITOR'S INDEPENDENCE DECLARATION

I Kantilal Ratanshi Gokani being auditor of NRE Resources Pty Ltd declare that to the best of my knowledge and belief, during the year ended 31 March, 2012 there have been :

- i no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to audit
- ii no contravention of any applicable code of professional conduct in relation to the audit.

Signed by KANTILAL RATANSHI GOKANI
of 96 Cahors Road, PADSTOW NSW 2211

Dated this 20th June 2012

INDEPENDENT AUDITOR'S REPORT

To the members of NRE Resources Pty Limited

Report on the Financial Report

I have audited the accompanying financial report of NRE Resources Pty Limited, which comprises the balance sheet as at 31 March 2012, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the

Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In my opinion :

- (a) the financial report of NRE Resources Pty Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 March 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

KANTILAL RATANSHI GOKANI
 96 Cahors Road, PADSTOW NSW 2211
 Dated : 20th June, 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
Other income	2	14,010	13,710
Less :			
Expenses	3	(5,815)	(7,427)
Profit before income tax		8,195	6,283
Income tax expense	4	—	—
Profit after income tax		8,195	6,283

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION As at 31 March, 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
CURRENT ASSETS			
Cash and cash equivalent		1,258	1,232,638
GST Receivable		—	425
Loan to Gujarat NRE Wonga Pty Ltd.		1,200,000	—
Loan to Gujarat NRE Oil Ltd.		40,000	—
TOTAL CURRENT ASSETS		1,241,258	1,233,063
NON CURRENT ASSETS			
Investment	5	760,000	760,000
TOTAL NON-CURRENT ASSETS		760,000	760,000
TOTAL ASSETS		2,001,258	1,993,063
CURRENT LIABILITIES			
Accrued expenses		3,800	3,800
TOTAL CURRENT LIABILITIES		3,800	3,800
TOTAL LIABILITIES		3,800	3,800
NET ASSETS		1,997,458	1,989,263
EQUITY			
Contributed capital	6	2,000,000	2,000,000
Accumulated (loss)		(2,542)	(10,737)
TOTAL EQUITY		1,997,458	1,989,263

The above Statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY As at 31 March, 2012

	Issued capital	Accumulated (Losses)	Total equity
At 31 March 2009	100,000	(13,461)	86,539
(Loss) for the year	—	(3,559)	(3,559)
Issue of share capital	1,900,000	—	1,900,000
At 31 March 2010	2,000,000	(17,020)	1,982,980
Profit for the year	—	6,283	6,283
At 31 March 2011	2,000,000	(10,737)	1,989,263
Profit for the year	—	8,195	8,195
At 31 March 2012	2,000,000	(2,542)	1,997,458

The above Statement of Changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS For the year ended 31 March, 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		14,010	13,710
Payments to suppliers		(5,815)	(9,052)
GST Received		425	—
Net cash inflow from operating activities	9	8,620	4,658
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash inflow from investing activities		—	—
CASH FLOW FROM FINANCING ACTIVITIES			
Loan to Gujarat NRE Wonga Pty Ltd.		(1,200,000)	—
Loan to Gujarat NRE Oil Ltd.		(40,000)	—
Net cash inflow from financing activities		(1,240,000)	—
Net (Decrease)/Increase in cash and cash equivalents		(1,231,380)	4,658
Cash and cash equivalent at beginning of the year		1,232,638	1,227,980
Cash and cash equivalent at end of the year		1,258	1,232,638

The above Statement of Cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March, 2012

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the company to its only shareholder Gujarat NRE Mineral Resources Limited.

The report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Corporation Act 2001 and accounting policies as set out below.

Compliance with IFRS - Compliance with Australian Accounting Standards ensures that the financial report of NRE Resources Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis.

The concept of accruals accounting has been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognized only if it is probable that future taxable amount is recoverable to utilise the loss.

b Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

c Revenue

Revenue from sale of goods is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the Statement of financial position.

e. Impairment of Assets :

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, any excess of the assets carrying value over its recoverable value is expensed to profit or loss.

NOTE 2 : OTHER REVENUE

	31 March 2012	31 March 2011
	(\$)	(\$)
Interest income	14,010	13,710
	<u>14,010</u>	<u>13,710</u>

NOTE 3 : EXPENSES

	31 March 2012	31 March 2011
	(\$)	(\$)
Audit fee	2,000	2,750
Accounting and Taxation Fees	1,950	2,800
Bank charges	36	24
Consultancy and professional cost	—	1,300
ASIC fee	1,829	553
	<u>5,815</u>	<u>7,427</u>

NOTE 4 : INCOME TAX

No income tax is payable during the year because of recoupment of tax losses. Income tax benefit of \$ 763 on unrecouped tax losses of \$ 2,542 has not been brought in to account but will be utilized to reduce tax on future profits.

NOTE 5 : INVESTMENTS

	31 March 2012	31 March 2011
	(\$)	(\$)
760,000 Ordinary shares in Gujarat NRE Oil Ltd.	760,000	760,000
	<u>760,000</u>	<u>760,000</u>

NOTE 6 : CONTRIBUTED CAPITAL

	31 March 2012		31 March 2011	
	(\$)		(\$)	
Ordinary equity shares	Share No.	Amount	Share No.	Amount
Opening balance	2,000,000	2,000,000	2,000,000	2,000,000
Issued during the year	—	—	—	—
Balance at 31st March, 2012	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

NOTE 7 : REMUNERATION AND RETIREMENT BENEFITS

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the year are :

- Mr. Arun Kumar Jagatramka
- Mrs. Mona Jagatramka
- Mr. Sanjay Sharma

NOTE 8 : RELATED PARTY TRANSACTION

Directors

Disclosure relating to directors is set out in Note 7.

The only shareholders is Gujarat NRE Mineral Resources Ltd, a public limited company incorporated in India.

Gujarat NRE Oil Ltd, a public limited company incorporated in Australia is the only subsidiary of NRE Resources Pty Ltd. In the year an advances of \$ 40,000 was made to Gujarat NRE Oil Ltd.

The Company made an advance of \$ 1,200,000 to the associated company, Gujarat NRE Wonga Pty. Ltd. on 24th May, 2011. No interest was received from the said loan in the year.

NOTE 9 : RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX

	31 March 2012	31 March 2011
	(\$)	(\$)
Profit from ordinary activities	8,195	6,283
Change in asset and liabilities		
Accrual and audit fee	—	(1,200)
Receivables	425	(425)
Cash (inflow) from operations	<u>8,620</u>	<u>4,658</u>

NOTE 10 : AUDITOR'S REMUNERATION

Amount due and receivable for the audit and review of the financial reports of the company

Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner

2,000	2,750
1,950	4,100

AUDITORS' CERTIFICATE

To
The Board of Directors
Gujarat NRE Mineral Resources Ltd.
NRE Resources Pty. Ltd. (herein after referred to as "NRPL"), a subsidiary of Gujarat NRE Mineral Resources Ltd. (herein after referred to as "GNMRL") was incorporated with Australian Securities and Investment Commission on 23rd day of August, 2006.

The attached audited accounts of the Company (NRPL) for the year ended 31st March, 2012 drawn as per Australian Laws comprising of financial statements together with Directors' Report, Independent Auditors' Report and Notes to accounts were audited by Mr. Kantilal Ratanshi Gokani of 96 Cahors Road, Padstow, NSW 2211. These accounts have been forwarded by NRPL for attaching with the audited accounts of holding company Gujarat NRE Mineral Resources Ltd.

In terms of the Section 212 of the Companies Act, 1956, the accounts of the subsidiary company, that has to be attached with the holding company's audited accounts, shall be drawn as per provisions of the Companies Act, 1956.

For the purpose of attaching the subsidiary's audited statements of accounts, the holding company GNMRL has recast the audited statements of accounts drawn under Australian Laws in accordance with the provisions of the Companies Act, 1956 as far as possible based on the information available with the holding company in India.

The recast audited accounts of NRPL have been drawn in accordance with revised Schedule -VI of the Companies Act, 1956. For the purpose of these recasting, the Australian dollars have been converted in Indian rupee in accordance with the applicable exchange rate in accordance with AS-11.

For the purpose of checking this conversion and recasting, we have relied upon the independent audit report given by Mr. Kantilal Ratanshi Gokani and as such we have not examined the accuracy and authenticity of any part of the said audited accounts.

On the basis of the said audited accounts and according to the information and explanations given to us, we observe that the accounts of NRPL for the year ended 31st March, 2012 have been properly recast as far as possible in accordance with revised Schedule-VI of the Companies Act, 1956.

For **N.C.BANERJEE & CO.**
Chartered Accountants
(Registration No.302081E)

A. Paul
Partner
Membership No. 06490

Place : Kolkata
Date : 28th June, 2012

BALANCE SHEET As at 31st March, 2012 (Rs.in'000)

Particulars	Notes	As at	
		31.03.2012	31.03.2011
EQUITY AND LIABILITY			
Shareholders' Funds			
Share Capital	2	107,440	93,440
Reserves and Surplus	3	(2,618)	(3,034)
		104,822	90,406
Current Liabilities			
Trade Payables	4	204	178
		105,026	90,584
ASSETS			
Non-Current Assets			
Non-Current Investments	5	39,885	34,542
Current Assets			
Cash and Cash Equivalents	6	66	56,023
Short Term Loans and Advances	7	65,075	19
		65,141	56,042
		105,026	90,584

Significant Accounting Policies & Notes to Financial Statements 1 to 10

As per our attached certificate of even date to the Board of Directors of Gujarat NRE Mineral Resources Ltd.

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors
of Gujarat NRE Mineral Resources Ltd.

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka
Director
Ahmedabad

S.K.Mukherjee
Director
Ahmedabad

STATEMENT OF PROFIT AND LOSS For the year ended 31st March, 2012 (Rs.in'000)

Particulars	Notes	Year ended	
		31.03.2012	31.03.2011
INCOME			
Interest Income		704	589
		704	589
EXPENDITURE			
Other Expenses	8	293	319
		293	319
Profit before Tax		411	270
Income Tax Expense	9	—	—
Profit after Tax		411	270

Significant Accounting Policies & Notes on Financial Statements 1 to 10

For **N.C.BANERJEE & CO.** Chartered Accountants For and on Behalf of the Board of Directors of Gujarat NRE Mineral Resources Ltd.

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka
Director
Ahmedabad

S.K.Mukherjee
Director
Ahmedabad

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March, 2012

Note 1 : SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in compliance with Australian Accounting Standards to ensure that the financial report of NRE Resources Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The Balance Sheet and the Statement of Profit & Loss have been recast as per revised Schedule VI of the Companies Act, 1956 and foreign currency has been converted in Indian rupee as per Accounting Standard-11.

Reporting Basis and Conventions

The financial report has been prepared on accrual basis and is based on historical costs basis. The accounting policies have been consistently applied, unless otherwise stated.

b. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognised only if it is probable that future taxable amount is recoverable to utilise the loss.

c. Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

d. Revenue

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

e. Investment

Long Term Investments are stated at cost.

f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the Statement of financial position.

g. Impairment of Assets

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, any excess of the assets carrying value over its recoverable value is expensed to profit and loss.

2. SHARE CAPITAL (Rs.in'000)

Particulars	As at	As at
	31.03.2012	31.03.2011
Authorised		
20,00,000 (Previous year 20,00,000)		
Equity Shares of AU\$ 1 each	107,440	93,440
Issued,Subscribed and Paid-up		
20,00,000 (Previous year 20,00,000)		
Equity Shares of AU\$ 1 each	107,440	93,440
	<u>107,440</u>	<u>93,440</u>

2.1 The Only Shareholder is Gujarat NRE Mineral Resources Limited,a company incorporated in India, holding 100% of the Issued,Subscribed and Paid-up capital of the company.

3. RESERVES AND SURPLUS

Statement of Profit and Loss		
As per last Balance Sheet	(348)	(618)
Add : Profit for the year	411	270
	<u>63</u>	<u>(348)</u>
Foreign Currency Translation Reserve	<u>(2,681)</u>	<u>(2,686)</u>
	<u>(2,618)</u>	<u>(3,034)</u>

4. TRADE PAYABLES

Accrued Expenses	204	178
	<u>204</u>	<u>178</u>

5. NON-CURRENT INVESTMENTS (LONG TERM) (Rs.in'000)

Particulars	As at	As at
	31.03.2012	31.03.2011
In Equity Shares of Wholly Owned Subsidiary Company, Unquoted,fully paid up		
7,60,000 (Previous year 7,60,000) Ordinary Shares in Gujarat NRE Oil Ltd.	39,885	34,542
	<u>39,885</u>	<u>34,542</u>

6. CASH AND CASH EQUIVALENTS

Balances with banks		
In Current Accounts	66	56,023
	<u>66</u>	<u>56,023</u>

7. SHORT TERM LOANS AND ADVANCES

(Unsecured, Considered good)		
Loans and Advances to Related Parties		
(Refer Note No.10)		
Loan to Gujarat NRE Oil Ltd.	2,099	—
Loan to Gujarat NRE Wonga Pty. Ltd.	6,2976	—
Others		
GST Receivable	—	19
	<u>65,075</u>	<u>19</u>

8. OTHER EXPENSES

Particulars	Year Ended	Year Ended
	31.03.2012	31.03.2011
Auditor's Remuneration	101	118
Bank Charges	2	1
Rates and Taxes	92	24
Professional & Legal Fees	98	176
	<u>293</u>	<u>319</u>

9. INCOME TAX EXPENSE

No Income tax is payable during the year because of recoupment of tax losses.Income tax benefit of AUD 763 on unrecovered tax losses of AUD 2,542 as per audited accounts drawn under Australian laws has not been brought in to account but will be utilised to reduce tax on future profits.

10. RELATED PARTY TRANSACTIONS

The only shareholder is Gujarat NRE Mineral Resources Ltd, a public limited company incorporated in India. Gujarat NRE Oil Ltd, a public limited company incorporated in Australia is the only subsidiary of the company. During the year an advance of AUD 40,000 was made to Gujarat NRE Oil Ltd. During the year an advance of AUD 12,00,000 was made to Gujarat NRE Wonga Pty Ltd.,an associated company incorporated in Australia. No Interest was received from the said loan in the year.

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March, 2012.

Directors & Officeholders

The names of Directors in office at any time during or since the end of the year are :

- Mr. Arun Kumar Jagatramka
- Mrs. Mona Jagatramka
- Mr. Sanjay Sharma
- Mr. Mihir Dave
- Mr. Sanjay Sharma- Company Secretary

Operating Results

The Company made a loss of \$90,807 during the year as compared to a loss \$30,840 for the year ended 31st March 2011.

Principal Activities

The Company is engaged in oil exploration activity.

Dividends

No dividend was paid during the year and none is recommended.

Options

No options to shares in the company have been granted during the or since the end of the financial year and there were no options outstanding at the date of this report.

Significant events after balance sheet date

No significant event has occurred since balance sheet date

Indemnification of Directors and Officers

The indemnification of directors, secretaries and senior managers of the Company are covered under a contract taken on global basis by one of the related company of the ultimate holding company Gujarat NRE Mineral Resources Ltd. in India. No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

No leave or proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceeding.

Likely developments

Information on likely developments in the entity's operations in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Non audit services

During the year, the associate firm of the auditor Kantilal Ratanshi Gokani has performed certain other services in addition to the statutory duties of the auditor.

The Board has considered the non - audit services provided during the year by associated firm of the auditor and is satisfied that those non- audit services are compatible with, and did not compromise the auditor independence requirements of the Corporation Act 2001 for the following reasons :

- ❖ All non audit services have been reviewed by the board to ensure these do not impact on the impartiality and objectivity of the auditor.
- ❖ The non- audit services provided do not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditors own work, actions in a management or decision making capacity for the company, acting as an advocate for the company or jointly assessing risks and rewards.
- ❖ The ratio of non-audit fee to audit fees is at a level that would not impact the impartiality and objectivity of auditor.
- ❖ There were no known conflict of interest situations or any circumstances arising out of a relationship between the Company (including its Directors and Officers) and the auditor which may impact on auditor independence.

Auditors Independence Declaration

The auditors independence declaration as required by sec 307C of the Corporation Act 2001 is set out as part of the Annual Report.

Signed in accordance with a resolution of the Board of Directors.

Arun Kumar Jagatramka
Sanjay Sharma
(Directors)

Dated this 20th day of June 2012

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the Corporations Act 2001 and;
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 31 March 2012 and of the performance for the financial year ended 31 March 2012 of the company.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by :

Arun Kumar Jagatramka
Sanjay Sharma
(Directors)

Dated this 20th day of June 2012

AUDITOR'S INDEPENDENCE DECLARATION

I Kantilal Ratanshi Gokani being auditor of Gujarat NRE Oil Limited declare that to the best of my knowledge and belief, during the year ended 31 March, 2012 there have been :

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to audit
- ii no contravention of any applicable code of professional conduct in relation to the audit.

Signed by KANTILAL RATANSHI GOKANI
of 96 Cahors Road, PADSTOW NSW 2211
Dated : 20th day of June 2012

INDEPENDENT AUDITOR'S REPORT

To the members of Gujarat NRE OIL Limited

Report on the Financial Report

I have audited the accompanying financial report of Gujarat NRE Oil Limited, which comprises the balance sheet as at 31 March 2012, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In my opinion :

- (a) the financial report of Gujarat NRE Oil Limited is in accordance with the Corporations Act 2001, including :
 - (i) giving a true and fair view of the company's financial position as at 31 March 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note I.

KANTJLAL RATANSHI GOKANI
96 Cahors Road, PADSTOW NSW 2211
Dated : 20th day of June 2012

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
Revenue		—	—
Less :			
Expenses	2	(90,807)	(30,840)
(Loss) before income tax		(90,807)	(30,840)
Income tax expense	3	—	—
(Loss) after income tax		(90,807)	(30,840)

The above Statement of Comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION As at 31 March, 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
CURRENT ASSETS			
Cash and cash equivalent		—	1,910
Receivables		7,442	225
TOTAL CURRENT ASSETS		7,442	2,135
NON CURRENT ASSETS			
Lease Oil Tenement Exploration	5	661,248	643,864
TOTAL NON-CURRENT ASSETS		661,248	643,864
TOTAL ASSETS		668,690	645,999
CURRENT LIABILITIES			
Trade Creditors and Accrued Expenses		3,800	3,800
Bank overdraft		41,498	—
Loan from Gujarat NRE Ltd.		31,000	—
Loan from NRE Resources Pty Ltd.		40,000	—
Loan from Gujarat NRE Mineral Resources Ltd.		1,000	—
TOTAL CURRENT LIABILITIES		117,298	3,800
TOTAL LIABILITIES		117,298	3,800
NET ASSETS		551,392	642,199
EQUITY			
Contributed capital		760,000	760,000
Accumulated (loss)	6	(208,608)	(117,801)
TOTAL EQUITY		551,392	642,199

The above Statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY As at 31 March, 2012

	Issued capital	Accumulated Profit/(Loss)	Total Equity
	\$	\$	\$
At 31 March 2009	60,000	(59,963)	37
Loss for the year	—	(26,998)	(26,998)
Issue of share capital	700,000	—	700,000
At 31 March 2010	760,000	(86,961)	673,039
Loss for the year	—	(30,840)	(30,840)
At 31 March 2011	760,000	(117,801)	642,199
Loss for the year	—	(90,807)	(90,807)
At 31 March 2012	760,000	(208,608)	551,392

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS For the year ended 31 March, 2012

	Notes	31 March 2012	31 March 2011
		(\$)	(\$)
CASH FLOW FROM OPERATING ACTIVITIES			
GST Paid		(7,217)	(445)
Payments to suppliers		(90,807)	—
Net cash outflow from operating activities	8	(98,024)	(445)
CASH FLOW FROM INVESTING ACTIVITIES			
Oils lease and exploration		(17,384)	(92,186)
Net cash outflow from investing activities		(17,384)	(92,186)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from Gujarat NRE Ltd.		31,000	—
Loan from NRE Resources Pty Ltd.		40,000	—
Loan from Gujarat NRE Mineral Resources Ltd.		1,000	—
Net cash inflow from financing activities		72,000	—
Net Increase (Decrease) in cash and cash equivalents		(43,408)	(92,631)
Cash and cash equivalent at beginning of the year		1,910	94,541
Cash and cash equivalents(overdraft) at end of the year		(41,498)	1,910

The above Statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2012

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

a. **Basis of Preparation**

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the company to Gujarat NRE Mineral Resources Limited.

The report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Corporation Act 2001 and accounting policies as set out below.

Compliance with IFRS - Compliance with Australian Accounting Standards ensures that the financial report of Gujarat NRE Oil Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis.

The concept of accruals accounting has been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

b. **Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unrecouped tax loss is recognized only if it is probable that future taxable amount is recoverable to utilise the loss.

c. Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

d. Revenue

Revenue from sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. There was no such revenue during the year.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST is not recoverable from the taxation authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The cash flows are included in the statement of cash flows on a gross basis.

f. Oil field leases

Leases are carried at cost. The carrying amount will be amortised when the production of oil commences. Amortisation is calculated in proportion of actual production when measured against the extractable resources available in the oil field.

g. Tenement Exploration and Exploration Licenses

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h. Going Concern

Notwithstanding the company's deficiency in net current assets, the financial report has been prepared on going concern basis. The directors consider the company to be a going concern on the basis of the continued support by the company's ultimate parent company.

i. Impairment of Assets

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, any excess of the assets carrying value over its recoverable value is expensed to profit or loss.

NOTE 2 : EXPENSES

	31 March 2012 (\$)	31 March 2011 (\$)
Accounting and taxation fees	1,950	4,850
Bank Fees and charges	—	4
Other fees & charges	13,205	12,004
Professional & Consultancy charges	53,082	—
Rate and charges	12,817	10,378
Travel and Reimbursement	7,753	604
Audit Fees	2,000	3,000
	<u>90,807</u>	<u>30,840</u>

NOTE 3 : INCOME TAX

No income tax is payable during the year because of unrecouped tax losses. Income tax benefit of \$ 62,582 on unrecouped tax loss of \$ 208,608 has not been brought into account but will be utilised to reduce tax on future profits.

NOTE 4 : TRADE AND OTHER RECEIVABLES

	31 March 2012 (\$)	31 March 2011 (\$)
GST receivables	7,442	225
	<u>7,442</u>	<u>225</u>

NOTE 5 : OIL TENEMENT EXPLORATION

The company owns 2 oil blocks of combined area 10,640 Sq.Km in onshore Canning basin, Western Australia, Australia. These two blocks are surrounded by a number of recent petroleum discoveries.

There is presence of multiple geological formations of conventional petroleum generation and accumulation within the area. Results indicate huge upside potential to be delineated through acquiring fresh seismic data followed by drilling.

NOTE 6 : CONTRIBUTED CAPITAL

	Share No.	Mar' 12 (\$)	Share No.	Mar' 11 (\$)
Ordinary shares				
Opening balance	760,000	760,000	760,000	760,000
Closing balance	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>	<u>760,000</u>

NOTE 7 : REMUNERATION AND RETIREMENT BENEFITS

No remuneration was paid or payable to directors of the company.

Names of directors who held office during the year are :

- Mr. Arun Kumar Jagatramka
- Mrs. Mona Jagatramka
- Mr. Sanjay Sharma
- Mr. Mihir Dave

NOTE 8 : RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/(LOSS) AFTER INCOME TAX

	31 March 2012 (\$)	31 March 2011 (\$)
Loss for the year after income tax	(90,807)	(30,840)
Change in asset and liabilities		
Accrual	—	1,800
Receivable	(7,217)	28,595
Cash (outflow) from operations	<u>(98,024)</u>	<u>(445)</u>

NOTE 9 : RELATED PARTY TRANSACTION

Disclosure relating to directors is set out in Note 7.

There is only one shareholder i.e. NRE Resources Pty Ltd, a proprietary company incorporated in Australia which is 100% subsidiary of Gujarat NRE Mineral Resources Limited, a company limited by shares incorporated in India.

Transactions with related entities :

The advances as follows were received from :

	Gujarat NRE Mineral Resources Ltd.	NRE Resources Pty Ltd.	the associated company Gujarat NRE Ltd.
the holding company	1,000	—	—
	40,000	—	—
	31,000	—	—

NOTE 10 : AUDITOR'S REMUNERATION

	31 Mar 2012 (\$)	31 Mar 2011 (\$)
Amount due and receivable for the audit and review of the financial reports of the company	2,000	3,000
Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner	1,950	4,850

AUDITORS' CERTIFICATE

To
The Board of Directors
Gujarat NRE Mineral Resources Ltd.

Gujarat NRE Oil Ltd. (herein after referred to as "GNOL"), a sub-subsidiary of Gujarat NRE Mineral Resources Ltd. (herein after referred to as "GNMRL") was incorporated with Australian Securities and Investment Commission on 19th day of October, 2006.

The attached audited accounts of the Company.(GNOL) for the year ended 31st March, 2012 drawn as per Australian Laws comprising of financial statements together with Directors' Report, Independent Auditors' Report and Notes to accounts were audited by Mr. Kantilal Ratanshi Gokani of 96 Cahors Road, Padstow, NSW 2211. These accounts have been forwarded by GNOL for attaching with the audited accounts of holding company Gujarat NRE Mineral Resources Ltd.

In terms of the Section 212 of the Companies Act, 1956, the accounts of the subsidiary company, that has to be attached with the holding company's audited accounts, shall be drawn as per provisions of the Companies Act, 1956.

For the purpose of attaching the subsidiary's audited statements of accounts, the holding company GNMRL has recast the audited statements of accounts drawn under Australian Laws in accordance with the provisions of the Companies Act, 1956 as far as possible based on the information available with the holding company in India.

The recast audited accounts of GNOL have been drawn in accordance with revised Schedule -VI of the Companies Act, 1956. For the purpose of these recasting, the Australian dollars have been converted in Indian rupee in accordance with the applicable exchange rate in accordance with AS-11.

For the purpose of checking this conversion and recasting, we have relied upon the independent audit report given by Mr. Kantilal Ratanshi Gokani and as such we have not examined the accuracy and authenticity of any part of the said audited statements of accounts.

On the basis of the said audited statements of accounts and according to the information and explanations given to us, we observe that the accounts of GNOL for the year ended 31st March, 2012 have been properly recast as far as possible in accordance with revised Schedule-VI of the Companies Act, 1956.

For **N.C.BANERJEE & CO.**
Chartered Accountants
(Registration No.302081E)

Place : Kolkata
Date : 28th June, 2012

A. Paul
Partner
Membership No. 06490

BALANCE SHEET As at 31st March, 2012 (Rs.in'000)

Particulars	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITY			
Shareholders' Funds			
Share Capital	2	40,827	35,507
Reserves and Surplus	3	(12,035)	(6,324)
		28,792	29,183
Current Liabilities			
Trade Payables	4	204	178
Other Current Liabilities	5	6,097	—
		6,301	178
		35,093	29,361
ASSETS			
Non-Current Assets			
Lease Oil Tenement Exploration		34,702	29,264
		34,702	29,264
Current Assets			
Cash and Cash Equivalents	6	—	87
Short Term Loans and Advances	7	391	10
		391	97
		35,093	29,361

Significant Accounting Policies & Notes to Financial Statements 1 to 10

As per our attached certificate of even date to the Board of Directors of Gujarat NRE Mineral Resources Ltd.

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors
of Gujarat NRE Mineral Resources Ltd.

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka **S.K.Mukherjee**
Director Director
Ahmedabad Ahmedabad

STATEMENT OF PROFIT AND LOSS For the year ended 31st March, 2012 (Rs.in'000)

Particulars	Notes	Year ended 31.03.2012	Year ended 31.03.2011
EXPENDITURE			
Other Expenses		4,566	1,325
Profit/(Loss) Before Tax		(4,566)	(1,325)
Income Tax Expense	9	—	—
Profit/(Loss) After Tax		(4,566)	(1,325)

Significant Accounting Policies & Notes to Financial Statements 1 to 10

As per our attached certificate of even date to the Board of Directors of Gujarat NRE Mineral Resources Ltd.

For **N.C.BANERJEE & CO.**
Chartered Accountants

For and on Behalf of the Board of Directors
of Gujarat NRE Mineral Resources Ltd.

A. Paul
Partner
Membership No. 06490
Place : Kolkata
Date : 28th June, 2012

A.K.Jagatramka **S.K.Mukherjee**
Director Director
Ahmedabad Ahmedabad

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2012

1. SIGNIFICANT ACCOUNTING POLICIES :

a. Basis of preparation

The financial report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards to ensure that the financial report of Gujarat NRE Oil Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The Balance Sheet and the Statement of Profit & Loss has been recast as per revised Schedule VI of the Companies Act, 1956 and foreign currency has been converted in Indian rupee as per Accounting Standard-11.

Reporting Basis and Conventions

The financial report has been prepared on accrual basis and is based on historical costs basis. The accounting policies have been consistently applied, unless otherwise stated.

b. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets for unused tax losses are recognised only if it is probable that future taxable amounts is recoverable to utilise the loss.

c. Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

d. Revenue

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Taxation authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The cash flows are included in the statement of cash flows on a gross basis.

f. Oil field leases

Leases are carried at cost. The carrying amount will be amortised when the production of oil commences. Amortisation is calculated in proportion of actual production when measured against the extractable resources available in the oil field.

g. Tenement Exploration and Exploration Licenses

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs that do not meet these criteria are expensed. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

h. Going Concern

Notwithstanding the Company's deficiency in net current assets, the financial report has been prepared on going concern basis. The directors consider the company to be a going concern on the basis of continued support by the company's ultimate parent company.

i. Impairment of Assets

At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, any excess of the assets carrying value over its recoverable value is expensed to profit and loss.

GUJARAT NRE OIL LIMITED

2. SHARE CAPITAL (Rs.in'000)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised		
7,60,000 (Previous year 7,60,000) Equity Shares of AU\$ 1 each	40,827	35,507
Issued,Subscribed and Paid-up		
7,60,000 (Previous year 7,60,000) Equity Shares of AU\$ 1 each	40,827	35,507
	<u>40,827</u>	<u>35,507</u>

2.1 The Only Shareholder is NRE Resources Pty Ltd. a proprietary company incorporated in Australia which is a 100% subsidiary of Gujarat NRE Mineral Resources Limited, a company limited by shares incorporated in India holding 100% of the issued, Subscribed and Paid-up capital of the company.

3. RESERVES AND SURPLUS

Statement of Profit and Loss

As per last Balance Sheet	(4,579)	(3,254)
Add : Profit / (Loss) for the year	(4,566)	(1,325)
	<u>(9,145)</u>	<u>(4,579)</u>
Foreign Currency Translation Reserve		
	(2,890)	(1,745)
	<u>(12,035)</u>	<u>(6,324)</u>

4. TRADE PAYABLES

Accrued Expenses	204	178
	<u>204</u>	<u>178</u>

5. OTHER CURRENT LIABILITIES

Bank Overdraft	2,229	—
Loans and Advances from Related Parties : (Refer Note No. 10)		
From NRE Resources Pty Ltd.	2,149	—
From Gujarat NRE Mineral Resources Ltd.	54	—
From Gujarat NRE Ltd.	1,665	—
	<u>6,097</u>	<u>—</u>

6. CASH AND CASH EQUIVALENTS (Rs.in'000)

Particulars	As at 31.03.2012	As at 31.03.2011
Balances with Banks In Current Accounts	—	87
	<u>—</u>	<u>87</u>

7. SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered Good)		
GST Receivable	391	10
	<u>391</u>	<u>10</u>

8. OTHER EXPENSES

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Auditor's Remuneration	101	129
Bank Charges	—	—
Professional & Legal Fees	3,431	724
Rates and Taxes	644	446
Travelling and Conveyance	390	26
	<u>4,566</u>	<u>1,325</u>

9. INCOME TAX EXPENSE

No Income tax is payable during the year because of recoupment of tax lesses. Income tax benefit of AUD 62,582 on unrecouped tax losses of AUD 2,08,608 as per audited accounts drawn under Australian Laws has not been brought in to account but will be utilised to reduce tax on future profits.

10. RELATED PARTY TRANSACTIONS

During the year the following advances were received from the Related Parties : (Rs. in '000)

Name of the Related Party	Relationship	31.03.2012	31.03.2011
NRE Resources Pty Ltd.	Holding Company	2,149	—
Gujarat NRE Mineral Resources Ltd.	Holding Company	54	—
Gujarat NRE Ltd.	Associated Co.	1,665	—

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the subsidiary companies

Name of the Subsidiary Company	NRE Resources Pty Ltd. (Subsidiary)	Gujarat NRE Oil Ltd. (Sub-subsidiary)
1. Financial Year of the subsidiary ended on	31.03.2012	31.03.2012
2. Holding Company's interest		
(i) Equity Shares of AU\$ 1 each		
(a) Number of Shares fully paid	2,000,000	760,000
(b) % Share held by the Company directly or through its subsidiaries	100%	100%
3. Net aggregate of Profit/ (Loss) of the Subsidiary, so far as they concern members of the Company		
(i) For the Financial Year of the Subsidiary		
(a) Dealt with in the accounts of the Company	Nil	Nil
(b) Not dealt with in the accounts of the Company	411	(4,566)
(ii) For the previous Financial Years of the Subsidiary since it became the subsidiary		
(a) Dealt with in the accounts of the Company	Nil	Nil
(b) Not dealt with in the accounts of the Company	(348)	(4,579)

Note : Since the financial year(s) of the above subsidiary companies coincide with the financial year of the Holding Company i.e. 31st March 2012, the furnishing of information under section 212 (1) (f) of the Companies Act 1956 is not applicable.



GUJARAT NRE MINERAL RESOURCES LIMITED

Registered Office : 22, Camac Street, Block-C, 5th Floor, Kolkata - 700 016

ATTENDANCE SLIP

Shareholder's Folio Number/ DP Id No. & Client Id No.	Name of the Shareholder (in block letters)	Number of Shares held
Email :		

I hereby record my presence at the 19th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017 on Friday, September 28, 2012 at 11.15 A.M.

Name of the Proxy*
(IN BLOCK LETTER)

(To be filled if the Proxy attends instead of Shareholder)

Signature of the Shareholder/Proxy

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)
Note : Please bring the copy of this Annual Report 2011-12 to the Meeting Hall



GUJARAT NRE MINERAL RESOURCES LIMITED

Registered Office : 22, Camac Street, Block-C, 5th Floor, Kolkata - 700 016

PROXY FORM

I/We of in the district of being a shareholder(s) of GUJARAT NRE MINERAL RESOURCES LIMITED, hereby appoint of in the district of or failing him/her of in the district of as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017 on Friday, September 28, 2012 at 11.15 AM and at any adjournment thereof.

As witness my/our hand(s) this day of 2012.

Folio No./DP/Id & Client Id No.

No. of Equity Shares held

Affix Rupee
One
Revenue
Stamp

Signature

Note : The proxy form (duly filled up and signed) must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the aforesaid meeting.

BOOK POST

If undelivered, please return to :

Bigshare Services Pvt. Ltd.

(Unit : Gujarat NRE Mineral Resources Ltd.)

E-2 & 3, Ansa Industrial Estate, Sakivihar Road

Saki Naka, Andheri (E)

Mumbai - 400 072